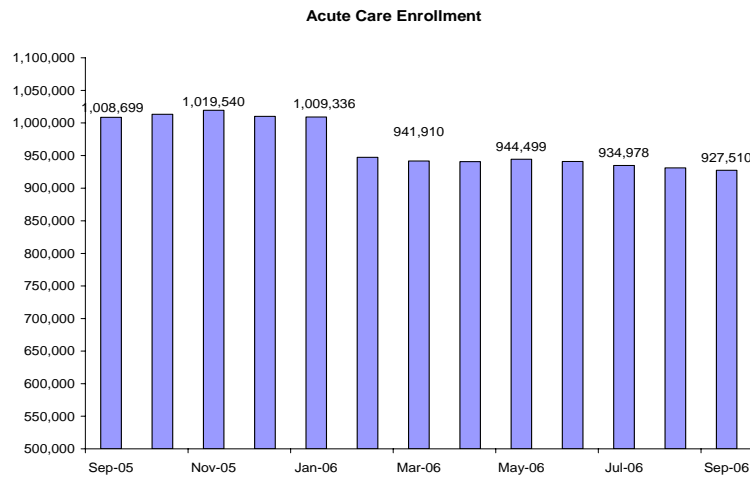


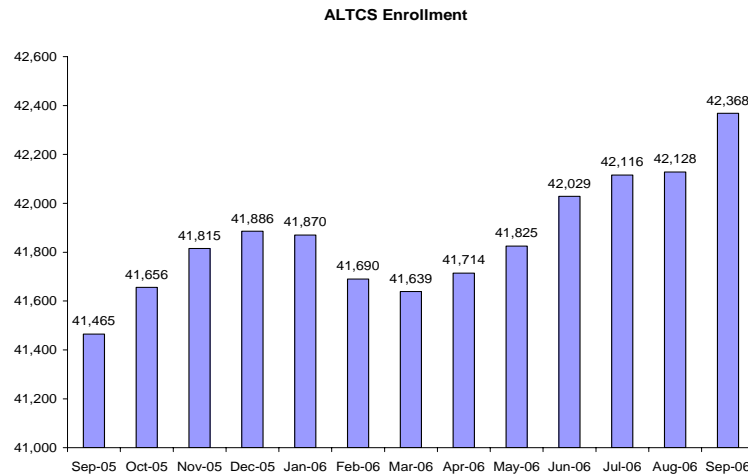
# AHCCCS QUARTERLY PROGRESS REPORT FOR JULY 1, 2006 THROUGH SEPTEMBER 30, 2006

## TABLE OF CONTENTS

<b>AHCCCS POPULATION.....</b>	<b>1</b>
<b>ORGANIZATION/KEY PERSONNEL CHANGES.....</b>	<b>2</b>
<b>PROGRAM CHANGES.....</b>	<b>2</b>
<b>QUALITY IMPROVEMENT.....</b>	<b>3</b>
<b>LEGAL.....</b>	<b>3</b>
<b>LEGISLATION.....</b>	<b>4</b>
<b>STATE PLAN.....</b>	<b>4</b>
<b>OTHER.....</b>	<b>4</b>

### AHCCCS Population





## Organization/Key Personnel Changes

Theresa Ditton was hired as the Assistant Director of the Public Information Office.

January Contreras resigned as Assistant Director of the Office of Intergovernmental Relations (OIR) and was appointed as Governor Napolitano's Health Policy Advisor.

Debi Wells will serve as the interim Assistant Director of the OIR.

## Program Changes

AHCCCS continues to ensure implementation of the Medicare Prescription Drug Coverage Program also known as Part D.

AHCCCS continues to meet on a regular basis to review and implement provisions of the Deficit Reduction Act of 2005.

AHCCCS continues to work with CMS on favorable reauthorization of the states 1115 demonstration waiver. The waiver is critical for maintaining the authority to continue the AHCCCS program in its current model of mandatory managed care. A couple of the issues includes the length of the waiver (three versus five years) and the calculations involving the mandatory budget neutrality component. Several meetings have taken place and are scheduled both internally and with CMS. The agency continues to work with CMS on renewal of the 1115 waiver which is set to expire on September 30, 2006.

The agency also has a number of teams that are working on the implementation of several new programs or funding initiatives. This includes teams to distribute additional Graduate Medical Education Funding, the coverage of Part D copays for 97,000 dual eligible members and the establishment of the new state only program that will provide medical coverage to members that fall off of AHCCCS due to disability payments

## Quality Improvement

The following quality improvement deliverables were submitted during this quarter:

- Quarterly Quality Improvement Initiative Report
- Annual EPSDT Report
- HIV Perinatal Initiative

## Legal

AHCCCS v. CMS (IHS Referral Issue) – No new activity: The appeal has been fully briefed, but no date for oral argument has been scheduled.

Ball v. Rodgers (HCBS class action) – Additional exhibits to Supplement Plaintiffs' Motion for Enforcement were filed with the District Court, and Defendants filed its Response to Plaintiffs' Supplements. A status conference was held in August, and on September 28, 2006 the District Court issued an Order denying both Plaintiffs' Motion to Enforce and Defendant's Cross-Motion to Modify Injunction. Plaintiffs also filed a Motion to File Supplemental Briefs with the Ninth Circuit Court of Appeals, and Defendants filed its Response. A Supplemental Brief was filed in the Ninth Circuit by Defendants (Appellants) in late August. Plaintiffs (Appellees) filed their Supplemental Brief in September.

Ekloff v. Rodgers In August 2006 the District Court issued an Order scheduling a fairness hearing for 11/17/06. The Order also required AHCCCS, 45 days prior to the hearing, to post on its website the terms of the Proposed Consent Decree and the notice to class members and to mail to all class members notice of the proposed settlement as well as the terms of the proposed settlement. In September notices were mailed to class members and the required information was posted on the AHCCCS website.

Padilla v. Rodgers (ESRD class action) – No activity for this quarter.

Price- In July 2006 the Arizona Center for Disability Law filed a class action lawsuit with four named Plaintiffs enrolled with ALTCS Contractors challenging the adequacy of notices of action. A Motion for Preliminary Injunction was also filed by Plaintiffs. The Complaint alleges that AHCCCS policies deprive Plaintiffs of adequate notice and information concerning denials of health services as well as their right to legal representation in the appeal process in violation of the Due Process clause of the US Constitution and the federal Medicaid statute and regulations. In general, Plaintiffs allege that the AHCCCS Program fails to provide members with specific and comprehensible explanations of the reasons for denials and additionally fails to provide members with information related to their claims and appeals. A First Amended Complaint was filed later in July to include two additional ALTCS members. AHCCCS filed both a Motion to Dismiss in mid August and a Response to the Motion to the Preliminary Injunction, which was subsequently withdrawn (in late August) by Plaintiffs.

Newton-Nations, et al. v. Rodgers (Co-pay class action) – No change to report

Samaritan Health Systems v. AHCCCS (Outlier Litigation) – No change to report.

## **Legislation**

AHCCCS continues to work to implement legislation that passed this year. Some of the changes include: a mechanism to distribute funding for subsidizing Medicare Part D prescription drug co-pays; increases for DDD providers; developing formula to distribute monies for Graduate Medical Education; issuing an RFP to privatize eligibility and redetermination services and changing the way that premiums are assessed to KidsCare families. The agency will also begin taking applications on September 1, 2006 for a new program that will provide Temporary Medical Coverage to those that are no longer eligible for AHCCCS due to receiving disability payments.

The AHCCCS' - initiated proposals for the 2006 legislative sessions both successfully passed. One personal liability bill requires the personal representative of an AHCCCS member to notify the AHCCCS administration of the member's estate or property within 3 months after the member's death if the member was at least 55 and the administration has not already filed a statement or claim in the estate proceedings. The other bill requires an AHCCCS member or legal representative to provide written notice to the AHCCCS administration within 20 days after the start of civil action or other proceeding to establish liability of a third party or to collect payment from specified insurance coverage or any other source.

## **State Plan**

Included at the end of the report is a tracking document that provides the dates that Title XIX and Title XXI State Plan Amendments were submitted and approved.

## **Other**

AHCCCS submitted a proposal for a Centers for Medicare and Medicaid (CMS) 2007 Medicaid Infrastructure Grant (MIG) which will support AHCCCS and its partners in addressing barriers to supporting persons with disabilities in securing and maintaining employment. AHCCCS requested \$500,000 in MIG funding. The title of the grant project is "Arizona Health and Disability Partnership."

AHCCCS has submitted a grant request to CMS to support the planning, design, development, testing, and evaluation of a Health Information Exchange utility and application service provider for the Medicaid and SCHIP enrollees. Notification will be in early November with funding lasting for two years.

The federal Department of Health and Human Services Administration for Children and Families awarded AHCCCS a PARIS grant. This grant will allow AHCCCS and DES to join 30 other states in performing data matches to maintain program integrity and detect and deter improper public assistance payments.

**State Plan Amendments Title XIX**  
**Filed during Quarter 4 (July 1, 2006- September 30, 2006) in 2006**

SPA#	Description	Filed	Effective Date
06-003	HCBS Reimbursement	9/12/06	10/1/06
06-004	Update private pay nursing home rates*	9/12/06	*no longer necessary